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PRIORITY

FOREIGN SERVICE DESPATCH

714.00(W)/1-3053

FROM : AMEMBASSY, GUATEMALA — DESP. NO. 658

TO : THE DEPARTMENT OF STATE, WASHINGTON. — DATE January 30, 1953

REF : F7800C4-1351

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SUBJECT: Joint Weeka No. 5 for State, Army and Air Departments from SAA - Section I

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SUMMARY

As the January 16-18 Congressional elections receded into the background, the past week brought an increase of turbulence in the countryside as farm laborers in various localities, evidently stimulated by the Communist-influenced labor federations, continued to take the Agrarian Reform Law into their own hands by seizing private land and squatting on it. The Communist-dominated CGTG, the Communist-influenced farm federation CNCG and the Communist press claimed that this was the result of the National Agrarian Department's failure to distribute land quickly enough. The official press warned that only the State could apply the law but the Administration showed signs of bending to the pressure by moving to authorize the squatters to stay on the land under the "forced rental" laws, refusing to use the police power to protect the properties and accelerating the tempo of expropriations.

The latest but still unofficial returns issued by the National Electoral Board show that the next Congress will be composed of twenty-two PAR Deputies, sixteen PRG, seven RN, four Communists, two pro-Administration independents and five Opposition Deputies. The Administration majority, to be 51-5, was achieved by winning 29 of the 32 seats at issue in this election.

Foreign Minister Raúl OSEGUEDA announced that he would tour the other Central American Republics in February to discuss the agenda of the May ODECA meeting, at which El Salvador wants to bring up control of Communism.

In the labor dispute between the American-owned International Railways of Central America (IRCA) and its employees, the Second Labor Court decided to reject the company's petition for conciliation and the latter has now taken the case to the Labor Court of Appeals.

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DOMESTIC AFFAIRS

Pressure by the Communists to hurry the application of the Agrarian Reform Law remained in the forefront of the political scene this week as further groups of farm workers, encouraged by Communist-influenced organizations, continued to take the law into their own hands by seizing and squatting on private lands without the prior authorization of the National Agrarian Department (DAN) (Weeka No. 4). In several instances, the land is claimed to be property not subject to the law. This action was approved by the CNCG, the Communist-influenced small farmers', tenants' and farm laborers' federation, whose leaders were quoted in the press as blaming the land seizures on the DAN's delay in handing over the land and as demanding faster processing, a line identical with that being used by the Communist newspaper Octubre and the Communist-led labor federation CGTG. Rumors, the origins of which are not clear, appeared in the press that Major Alfonso MARTINEZ would be removed as Chief of the DAN.

The Administration, under this pressure, moved to adopt itself to the situation. Major Martínez announced that the squatters would be allowed to keep the seized land under the "forced rental" laws until Agrarian Reform expropriation proceedings were completed, and Sr. Augusto CHARNAUD MacDonald, Minister of the Interior, said his Department would not intervene in the matter. President ARBENZ, who labelled the Agrarian Reform as the country's basic problem in the January 7 Cabinet meeting, held an "urgent" meeting with Departmental Governors about implementing the law. The official Diario de Centro América on January 26 warned in its main editorial "It is the State which, in fulfillment of the law of the Nation, must carry out the Agrarian Reform" and asked other organizations to cooperate with it. Thus far, the official gazette has carried decrees expropriating about 13,000 acres of private land for which the Government has deposited $127,000 in Agrarian Bonds in the Treasury for the indemnification of the owners at the declared tax value. The average payment of less than $10 per acre is far below the current market value of arable land.

The extra-legal land seizures alarmed the propertied portion of the community. The General Association of Industrialists (AGIG) protested about them to the President and asked for "full guarantee of private property". Sr. José Luis ARENAS, one of the new Opposition Deputies-elect, addressed an open letter to the President saying that if the President was not a Communist it was his duty to take action to stop the squatters. The leftist, anti-Communist party PRO, although it supports the principle of Agrarian Reform, joined in condemning the seizures, blaming them on the Communists.

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Meanwhile, the question of whether persons affected by the Agrarian Reform Law will be able to ask the courts for redress in case of administrative injustices remained unresolved. The Supreme Court was delayed in considering the appeal of Sr. Ernesto LEAL Pérez, a local planter, against President Arbenz for allegedly wrongfully expropriating part of his property when one of the Justices asked to be disqualified on the grounds of having personal interests (a farm subject to the law) involved. The court is now scheduled to hear this case on January 30 and then to make a decision as to whether the courts have jurisdiction over Agrarian Reform matters. In a written statement to the press, Sr. Arturo HERBRUGER, Chief Justice of the Supreme Court, held that the Agrarian Reform authorities had no right to arrest or imprison anyone, thus upholding previous decisions by lower courts which had freed persons jailed for failure to pay administratively-imposed fines for "anti-Agrarian Reform activity".

Although the National Electoral Board has not yet completed examination and certification of the results of the January 16-18 Congressional elections (Weeka No. 4), the latest unofficial returns indicate that the next Congress which will meet March 1 will contain a 51-5 Administration majority. On the pro-Government side, the Partido Acción Revolucionaria (PAR), which has collaborated closely with the Communists, will have the largest bloc of seats with 22 Deputies; the Partido de la Revolución Guatemalteca (PRG) will have 16; the Renovación Nacional (RN) will have 7; the Communist Partido Guatemalteco de Trabajo (PGT) will have 4; and there will be two "independent" pro-Government Deputies. The Opposition, which won only three of the twenty-nine seats in these off-year elections, will have five Deputies as opposed to eleven in the present Congress. Two of these will be Cres. José Luis Arenas and Jorge Adán SERRANO, whose victory in the Department of Guatemala has now been certified by the National Electoral Board, thus ending speculation as to whether the electoral authorities would attempt to seat Sr. José Manuel FORTUNY, Secretary General of the PGT, as a minority representative.

Following the anti-Communist victory in the Department of Guatemala, the anti-Communist "civic" organizations on January 24 published a manifesto announcing the formation of an Anti-Communist Democratic Christian Party (Partido Anticomunista Demócrata Cristiana) which will hold to a "liberal", non-Marxist program of social justice based on the Papal Encyclical Rerum Novarum and others. The party will be formed of the Comité Cívico Nacional (CCN), the major anti-Communist civic organization composed largely of professional and business people; the Comité de Estudiantes Universitarios Anticomunistas (CEUA), the students' organization; the Comité Obrero Anticomunista (COA);

the Comité Femenina Anticomunista (CFA), the women's affiliate; and other groups. It will not, at least for the present, inclu the conservative Partido Unificación Anticomunista (PUA) which draws its main strength from land-owners and has a more strongly clerical orientation. The new party has not yet been entered on the Civil Registry.

FOREIGN AFFAIRS

Dr. Raúl Osegueda, the Foreign Minister, told the press on January 24 that he planned to visit the other Central American Republics in February to obtain their Foreign Ministers' concurrence on the agenda for the meeting of the Organization of Central American States (ODECA) scheduled to convene here on May 2. During the week the pro-Government Nuestro Diario ran a series of editorials purporting to show the danger that would arise in Central American relations if the ODECA sought to "interfere in domestic affairs", a line obviously intended to head off the Salvadoran proposal that the meeting discuss joint action against Communism.

LABOR

The conflict between the IRCA and the SAMF railway union about a new labor contract remained involved in legal proceedings during the week. The Second Labor Court rejected the company's petition for conciliation and its alternate draft contract (Weeka No. 4). The company then petitioned the court to reverse this decision but the court rejected this second petition. The IRCA has now filed a petition with the Labor Court of Appeals to rule that the lower court acted improperly in rejecting its second petition.

Meanwhile, the SAMF became involved in one of its periodic intra-union factional disputes as a group of local affiliates demanded a general congress to oust the present leadership. Sr. Carlos Manuel PELLECER, Communist Secretary of Conflicts of the CGTG, and Sr. César MONTENEGRO Paniagua, a Communist Deputy formerly employed by IRCA, urged that the union remain unified.

MILITARY

"Colonel" Hubert F. JULIAN, the American citizen who has acted as an arms procurement agent for the Guatemalan Government, left Guatemala for Havana on January 23, after having

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held conversations with various Guatemalan officials (Weeks No. 3). What contracts or other business he may have concluded is not known.

For the Ambassador:

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Copies:

Other Central American Missions; Mexico; Panama; USARCARIB, Panama; Caribbean Command, Panama; Caribbean Air Command, Panama; Naval Attaché, Mexico

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